



ORIGINAL

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

*Ex Parte*  
**REDACTED MATERIAL ENCLOSED  
FOR PUBLIC INSPECTION**

March 15, 2001

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
Portals II  
Room TW-A325  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Re: Implementation of the Pay Telephone Reclassification and  
Compensation Provisions of the Telecommunications  
Act of 1996, CC Docket No. 96-128, File No. NSD-L-99-34

Dear Ms. Roman Salas:

On March 14, 2001, Glenda Weibel and the undersigned of Qwest met with Diane Griffin-Harmon of the Network Services Division and Martin L. Schwimmer of the Common Carrier Bureau to discuss issues associated with the payment of per-call compensation by resellers of IXC service. A non-redacted version of the enclosed material, which has been submitted under separate cover, with a request for confidential treatment, was provided to Ms. Griffin-Harmon and Mr. Schwimmer during the course of the meeting. The enclosed redacted version of the material has been edited to remove the portions that are confidential and thus not for public disclosure.

In accordance with Section 1.1206(b)(2) of the Commission's Rules, an original and one copy of this letter (with the redacted material) are being filed with your office for inclusion in the public record for the above-captioned proceeding. In addition, in accordance with Section 1.1206(b)(2), a copy of this letter also is being provided to Ms. Griffin-Harmon and Mr. Schwimmer. Acknowledgment and date of receipt of this submission are requested. A duplicate letter is attached for this purpose.

If you have any questions regarding this information, please telephone me.

Sincerely,

  
James T. Hannon

Enclosures

No. of Copies rec'd 011  
DATE

**Nov-00 & Dec-00**  
**IXC XYZ IDENTIFIED SELF NOMINATED RESELLER 800 NUMBERS**

IXC XYZ 800 Numbers	Self Nominated Carrier	Carrier Code per SMS800 Database	Carrier per SMS800 Database	Msg Count	Projected PCC
800xxxxxxx				32	\$7.68
800xxxxxxx				1	\$0.24
800xxxxxxx				27	\$6.48
800xxxxxxx				11	\$2.64
800xxxxxxx				7	\$1.68
800xxxxxxx				74	\$17.76
800xxxxxxx				8	\$1.92
800xxxxxxx				422	\$101.28
800xxxxxxx				16	\$3.84
800xxxxxxx				29	\$6.96
800xxxxxxx				6	\$1.44
800xxxxxxx				6	\$1.44
800xxxxxxx				9	\$2.16
800xxxxxxx				87	\$20.88
800xxxxxxx				8	\$1.92
800xxxxxxx				5	\$1.20
800xxxxxxx				24	\$5.76
800xxxxxxx				58	\$13.92
800xxxxxxx				8	\$1.92
800xxxxxxx				10597	\$2,543.28
					\$13.92
800xxxxxxx				7	\$1.68
800xxxxxxx				6	\$1.44
800xxxxxxx				7	\$1.68
800xxxxxxx				13	\$3.12
800xxxxxxx				1436	\$344.64
800xxxxxxx				6	\$1.44
800xxxxxxx				42	\$10.08

**COMPANY: IXC ABC**  
**PER CALL COMPENSATION - Actual Message Count Summary vs Actual Messages Paid**

<b>PCC</b>	<b>4Q97</b>	<b>1Q98</b>	<b>2Q98</b>	<b>3Q98</b>	<b>4Q98</b>	<b>1Q99</b>	<b>2Q99</b>	<b>3Q99</b>	<b>4Q99</b>	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>Total</b>
Actual Msg Count	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
IXC Msg Paid**	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Reseller Msg Paid	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>Difference</b>	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%

Assumptions:

1+ 800 Subscriber and Access Messages: 40 second call completion factor applied

Reseller Dial Around reflects 40 sec factor.

FGB & FGD calls included; All CICs were verified through NAPA (North American Numbering Plan Administration).

Self Nominated Resellers comprise of seven carriers.

\*\* 4Q97-3Q98 amounts allocated based on settlement

COMPANY: IXC ABC  
PER CALL COMPENSATION - Estimated Compensation vs Actual Compensation Paid\*

PCC	4Q97	1Q98	2Q98	3Q98	4Q98	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	Total
Est PCC Due	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx
IXC PCC Pd**	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx
Reseller PCC Pd	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx
<b>Difference</b>	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx
	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%	xxx%

\* From 4Q97 - 1Q99 amount per message \$.238; 2Q99 - 3Q00 amount per message \$.24

Assumptions

1+ 800 Subscriber and Access Messages: 40 second call completion factor applied

Reseller Dial Around reflects 40 sec factor.

FGB & FGD calls included; All CICs were verified through NAPA (North American Numbering Plan Administration).

Self Nominated Resellers comprise of seven carriers.

\*\* 4Q97-3Q98 amounts allocated based on settlement

# Problem

- Inability to collect the vast majority of per call compensation due from “facilities-based” resellers.
  - It is estimated that 25% of all per call compensation is due from resellers and only a small portion is collected.
  - Most resellers do not identify themselves as responsible for paying payphone compensation. They either remain silent or deny responsibility when approached.
  - PSPs face major obstacles in identifying resellers
    - PSP has no way to identify calls carried by resellers.
    - IXC usually do not identify the calls they are paying for.
    - IXCs often do not identify responsible resellers.
    - Even when IXCs provide 800 numbers, it is very difficult and expensive to verify responsible reseller.

## Solution

- On a going-forward basis, Commission should require the CIC assignee for particular calls to pay compensation.
- The CIC solution has several advantages over current rules:
  1. No more definitional disputes.
    - Distinctions among facilities-based carriers, switch-based resellers, and non-switch-based resellers do not correspond to routing and tracking of calls in the network.
    - No dispute over CIC assignee — for each call, there is a unique CIC.
  2. CIC associated with each call is available to PSP for verification purposes.
  3. CIC solution will reduce disputes and improve collection efficiency.
    - Top ten CIC assignees account for over 96 percent of calls; top twenty CIC assignees account for over 98 percent of calls.

## **Demonstration of the Magnitude of the Problem**

- In 3Q00 Qwest estimated that IXC ABC carried 2.6 million calls from Qwest in-region payphones.
- IXC ABC paid for 1.1 million calls.
- Facilities-based resellers using ABC's CIC paid for 28,206 calls.
- No per call compensation paid for 1.5 million calls or 41% of total calls carried on ABC's CIC from Qwest payphones in 3Q00.
- Qwest's experience with most other large IXCs is similar to its experience with ABC.

## **IXC Provision of 800 Number for Self-Nominated (Facilities-Based) Resellers Does Not Solve the Problem**

- Difficulty and expense in identifying resellers using specific 800 numbers.
- Significant churn in the “ownership” of 800 numbers.
- The SMS/800 Database will provide the history of an 800 number for \$350 per number.
- Resellers resell 800 numbers to other resellers which makes it difficult to identify liable provider.
- It is impossible to accurately identify responsible reseller given the volume of 800 numbers.
  - For example, carrier XYZ provided 800 numbers since 4Q97 for self-nominated resellers (90 resellers, 65,000 800 numbers.)



## SMS/800 DATA EXAMPLE

### History of 800xxxxxx

On 3/30/93, the number was reserved from Spare by AT&T.

On 6/14/95, the number was returned to Spare by AT&T.

The number was reserved from Spare by Sprint Communications on 8/25/95.

On 6/30/00, the number ported from Sprint Communications to Global Crossing.

On 8/7/00, the number was ported from Global Crossing to Sprint Communications. Sprint is the current Resp Org of the number.

### History of 800xxxxxx

On 8/29/94, MCI reserved the number from Spare.

On 10/26/94, MCI returned the number to Spare.

On 1/22/96, the number was reserved from Spare by Verizon.

On 3/8/96, Verizon returned the number to Spare.

On 5/21/96, MCI/Worldcom reserved the number from Spare.

On 11/11/97, MCI/Worldcom returned the number to Spare.

Broadwing Communications reserved the number from Spare on 11/12/97.

On 8/13/98, the number was ported from Broadwing Communications to Sprint Communications.

On 6/30/00, the number was ported from Sprint Communications to Global Crossing.

The number was ported from Global Crossing to Sprint Communications on 8/3/00. Sprint is the current Resp Org of the number.